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Procedures are presented for use in reporting costs for institutions of higher education in Illinois. Following the definition of various accounting functions, the scope of the cost and statistical report is delimited, and specifications are presented for the collection of data on students, courses, academic faculty records, and academic faculty assignments. A proposed statistical report blank is included along with instructions. The disciplinary areas, under which costs are to be reported, are listed, and step by step procedures are presented for the distribution of costs by department or division, for a given college or school, for the campus, for all university overheads, and for organized activities. A format for cost study reporting is presented in the appendix along with information on the use of the cost and statistical study in budget formulation and review. (FS)

ED029464

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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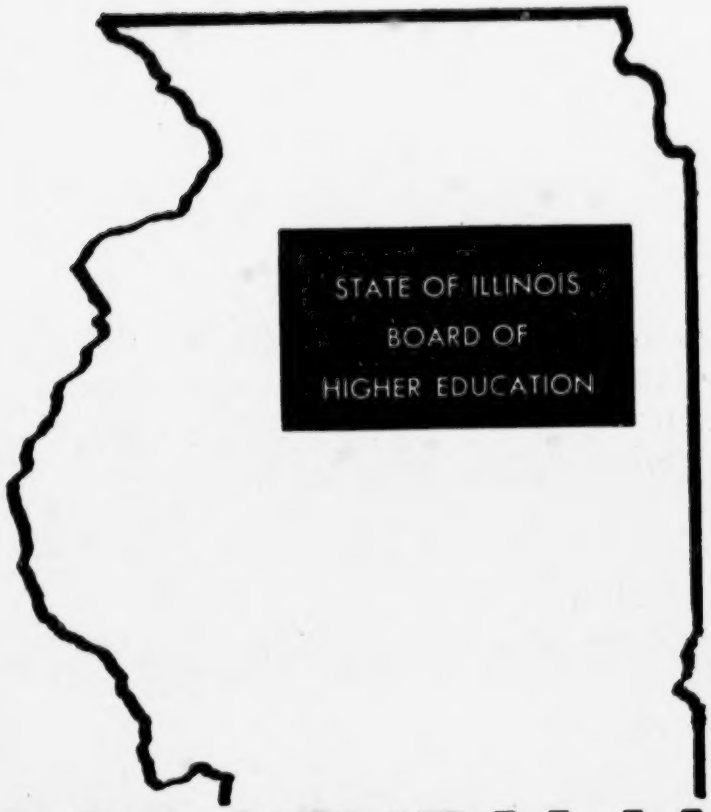

COST STUDY MANUAL

1965-1966

THE ILLINOIS BOARD OF HIGHER EDUCATION
December, 1966

EF 003126

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OF HIGHER EDUCATION

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PROCEDURAL MANUAL
FOR THE 1965-66
ILLINOIS COST AND STATISTICAL SURVEY

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PREFACE

The definitions and procedures in this mannual were developed over a three year period by the Budget Formula Committee of the Board of Higher Education. Members of the Committee were drawn from all the state colleges and universities and from the staff of the Board. The procedures were given a pilot run on data reported for 1964-65. As a result several major changes were made in classifying and allocating certain costs. This manual is to be used for reporting costs for 1965-66. While the manual will be subject to further refinements as experience and reason dictate, revisions requiring substantial reprogramming will be made only at convenient periodic intervals.

The Committee and Board staff recognize that unit costs may be derived in a variety of ways, some no doubt more valid than others. The host of arbitrary decisions which must be made in conducting such studies reflect the experiences and biases arising out of Illinois practice and Illinois needs. Consequently researchers in other states may or may not endorse our "reasons" for particular procedures. Nevertheless if comparative interstate data are to be available, some common set of assumptions and procedures must be adopted for conducting cost studies.

I. Definitions of Accounting Functions

A. General Administration

Under this heading should be included all expense of top management of administrative officers serving the institution as a whole. All expenditures, such as salaries of officers, secretaries and clerks, office expense and supplies, travel, and office equipment as a whole should be included here. Examples of such offices are those of the governing board, president, vice-president, dean of faculty, business officer, treasurer, and legal counsel, if an officer of the institution. Under this heading should not be included, however, the expenditures of the administrative staff connected with other functional headings defined below.

B. General Expense

Under this heading should be included the following expenses:

1. Student Services. Under this heading will be included expenditures for services to the student body as a whole. Examples are health service, guidance programs, counseling, placement bureau, student activities financed from institutional funds, student employment office, registrar, dean of students, dean of women and dean of men.

2. Staff Benefits. Under this heading will be included expenditures for the retirement system and certain other staff benefits. Note: The retirement system cost will be excluded from the Cost Study since calculation of the amounts needed by each institution is made by the Retirement System.

3. General Institutional Expense: All other expenditures which are of a general character not relating to any specific division of the institution should be included under this caption. Examples are: bulletins; catalogues; commencement; contributions to cooperative educational undertakings; convocations; diplomas; financial campaign; general insurance (such as public liability and fidelity); general lectures; general publications; inaugurations; information office; interest; memberships; receptions; telephone and telegraph; mail and messenger service and travel (when not charged as departmental expense). Public Relations and Alumni Office should also be included in this category.

C. Instruction and Departmental Research

Under this heading should be included all expenses of on-campus instruction, the bulk of which are faculty salary costs. Some of the areas of instruction are agriculture, commerce, education, engineering, fine and applied arts, journalism, law, liberal arts and sciences, and the medical fields (Note: The medical fields will not be analyzed at this time.) These expenditures include the prorated salaries of college deans, department heads, faculty members, secretaries and technicians, office expenses and equipment, laboratory expenses and equipment, and other college and departmental expense. Departmental Research is closely associated with instruction, and is performed as other than organized research projects. It generally consists of research expenditures not of major magnitude. (Please refer to Item E for the definition to distinguish between Departmental Research and Organized Research.)

D. Organized Activities Relating to Educational Departments

Under this heading should be included all expenditures for activities organized and operated in connection with educational departments and conducted primarily as necessary parts of the work of these divisions. Examples of such activities are medical school hospitals, home economics cafeterias, agricultural college creameries, dental clinics, and laboratory and demonstration schools. Where these activities are not conducted primarily for educational purposes, they should be classified separately or as auxiliary enterprises.(1)

Comment: An activity must be capable of allocation to one or more educational disciplines, colleges, schools or educational areas. If an organized educational activity cannot be so classified, it should be classified under another general functional category, i.e. recreation, and intramural athletics should be classified under General Administration-Student Services; publications and film production services under General Administration-General Institutional Services, etc. Institutions should review items currently classified as organized activities and should reclassify any items improperly included. (For special procedures regarding the allocation of laboratory schools, please see Section V, page 30, item F.)

(1) College and University Business Administration, Vol. 1, p. 141.

E. Organized Research

All research financed from other than state funds will be classified as organized research. Research financed from appropriations may be either departmental or organized research. Research carried on by a bureau, institute, experiment station or other organization specifically established for the primary purpose of conducting research will be classified as organized research. All assignments made by a university-wide research board or similar agency from a budget set up exclusively for research projects will also be considered as organized research. However, if a staff member in a regular instructional department budget is given released time for conducting research, that portion of his salary will be classified as departmental research, even though he may receive an assignment of funds from the research board of a federal grant for assistance and supplies to help carry out his research.

Thus, all research from state funds will be considered departmental research unless it is conducted by a separately organized research agency or from funds assigned specifically for research by the university-wide research agency. (Note: Certain research activity whose specific purpose is to render administrative service to the institution as a whole rather than research in any academic discipline should not be included under the functional category organized research. For example, departments of institutional research, architecture-engineering, campus planning and development, computer center, etc. would be more appropriately included under the functional category General Administration or Physical Plant.)

F. Extension and Public Service

Under this heading should be included expenditures of educational and other activities designed primarily to serve the general public. These activities will include the following twelve main categories: Systematic Non-Credit Courses (Off-Campus instruction offering course credit should be included under the heading, Instruction and Departmental Research); Conferences and/or Non-Credit Workshops; Radio; Television; University Press (except services to the university will be segregated and allocated to the specific function); Consulting Services: Testing Services; Community Development; Cooperative Extension; Services to the Handicapped; Cultural Services (Art, Music and Drama).

G. Libraries

Under this heading should be included expenditures for all separately budgeted libraries, both general and departmental, on

the main campus and/or off-campus extension centers. Library expenditures should be divided into two parts; one dealing with the cost of books, periodicals and binding; and the other dealing with all other library costs including salaries.

H. Operation and Maintenance of Physical Plant

The category Operation and Maintenance of Physical Plant will include all expenditures of salaries and wages, supplies and expense (expendable items) and equipment (nonexpendable items) financed by the General Revenue Fund, Capital Improvement Fund and any other State or non-state fund either budgeted as part of the general functional category, Operation and Maintenance of Physical Plant, or as part of a departmental or other activity budget for the operation and maintenance of the Institutional plant, and miscellaneous general services not charged elsewhere.

Comment: The aggregate expense of the physical plant of the entire institution will be shown under this functional category. For those institutions that may isolate certain costs or prorate certain costs directly to departments or activities, or do not centrally control and budget for certain operation and maintenance expenditures for departments or activities, such expenditures for purposes of reporting will be subtracted from departmental expense and will be combined and shown as part of the aggregate functional category, Operation and Maintenance of Physical Plant. Certain other costs may be directly chargeable to auxiliary enterprises, revenue bond projects and organized activities, and other costs should be so charged to show expenditure levels where the costs actually occur. These costs will also be shown as a part of the aggregate functional category, Operation and Maintenance of Physical Plant. (Note: The present feasibility study may indicate that O. & M. Plant may be better budgeted separately.)

II. Scope of Present Cost and Statistical Study

A. Expenditures to be Included.

It is intended that the present Cost and Statistical analysis will include current expenditures of all departments and activitie of the institution concerned with its education program. The present study will not include, however, the medical schools at the University of Illinois. (These expenditures may be included at some future date).

The educational program of an institution will include the following elements of cost:

1. Direct Academic Salary Costs of Instruction.
2. Indirect Academic Salary Costs of Instruction.
3. Direct Salary Costs other than Instructional.
4. "Overhead" Costs at the Department (or Divisional) level.
5. "Overhead" Costs at the College (or School) level.
6. "Overhead" Costs at the Campus level.
7. "Overhead" Costs at the All-University level.

The Statistical reports will be prepared for each person, regardless of the source of funds from which he is paid. The source of funds will be indicated as State funds or Non-State funds (State funds include General Revenue and Income Fund appropriations.) All computations of instructional costs (including overhead items allocated to instruction) will be based on State funds only.

B. Inclusive Time Period for Reporting Expenditures

Expenditures will be reported for the regular academic year and summer session combined.

When the Semester System applies:

--For 9-months (Academic Year only) appointees the Semester Salary is .50000 times the Annual Salary.

--For 12-months (usually interpreted to mean 11-months service plus one month vacation) appointees, the Semester Salary is .40909 times the Annual Salary.

When the Quarter System applies:

--For 9-months appointees, the Quarter Salary is .33333 times the Annual Salary.

--For 12-months appointees, the Quarter Salary is .27273 times the Annual Salary.

Since most costs incurred in a Summer Session are associated with the appropriations of a succeeding fiscal year, the Summer Session beginning in June, 1965, will also be used for the Cost Study of the fiscal year 1965-66, and thereafter the Summer Session is to be the first term of the unit cost year.

C. Special Reports on Non-Instructional Activities.

In general, only State fund expenditures will be reported with the exception that institutions will report all sources of funds relating to each activity included within the functional

categories Organized Activities, Extension and Public Service and Operation and Maintenance of Physical Plant. All fund sources wil also be reported for the functional category Organized Research, however, these will be reported in <u>total</u> only and not segregated b each research activity. The figures will be based on financial reports, with no allocation to overhead costs.

Sources of funds will be reported in the following manner:

1. State
   a. Appropriations to the University.
   b. Contracts with other State agencies.

2. Federal

3. University
   a. Self-supporting activities and miscellaneous university income.
   b. Indirect costs recovered.

4. Private gifts, grants and contracts; endowment income.

III. Data to be Collected and Proposed Reporting Schedules.

A. Data to be Collected

Separate data will be collected for each semester and/or quarter of the 1965-66 school year and for the Summer Session of 1965.

1. Student Data

It is essential that official student registration records yield:

(a) A record of all on-campus credit courses by section in which students are registered for each semester and/or quarter and summer session studied. (Note: Off-campus data will be reported when this instruction is considered as part of the regular teaching load of a particular instructor -- i.e., without extra compensation for the instructor.)

(b) A record of the class level of each student enrolled for each semester and/or quarter and summer session studied.

Records of student registration in each course, or section or subsection thereof, must be available, as of

the beginning of the third week of the quarter or semester, or as of the school's normal last date for "adding a class". In other words, the record of registration is wanted as of the earliest possible time after the usual confusion of shifting among courses and sections attending the opening of school has subsided.

In the case of variable credit registrations, the actual number of credit hours registered for by each student classification is also required.

Officially registered "auditors" and "visitors" should be included as registered students.

--Students registered in credit courses to be included in the cost studies are to be classified into one of the following levels:

a. Upper Division Student:

b. Lower Division Student:

A student who has accomplished sixty semester hours (ninety quarter hours), including physical education activity and all other credit hours recorded on student records is to be classified as an upper division student as opposed to a student who has accomplished fewer than sixty semester hours (ninety quarter hours and is to be classified as a Lower Division Student.

Institutions will be permitted to apply their own criteria for this division of students between lower and upper division, if they so elect for reasons of institutional policy and record keeping, so long as the minimum criterion for upper division classification is not below sixty semester hours or ninety quarter hours including physical education activity credits and all other credits recorded on student records.

c. First Level Graduate:

A student holding a bona fide bachelor's degree, but not a master's degree, or its equivalent by institutional criteria, who has been admitted to the graduate college or division, either as a candidate for an advanced degree or certificate, or as an unclassified graduate student.

Students enrolled in the Colleges of Law or Veterinary Medicine are to be considered as being equivalent to First Level Graduate students. Professional students in health related areas need not be classified since the present Cost Study

excludes detailed studies of these areas and budget formulae for these areas are not a current topic of this group.

d. Advanced Graduate:

A student holding a bona fide master's degree, or its equivalent by institutional criteria, who has been admitted to the graduate college or division and who is pursuing courses leading to either an advanced degree or certificate beyond the master's degree level.

e. Unclassified Students:

Unclassified (irregular or special) students not admitted to graduate school will, for purposes of budget formulation, be included with upper division students.

2. Course Data:

The following data are required for all sections of undergraduate and graduate on-campus instruction for credit, and for those college credit classes taught off-campus as a part of the regular teaching load (i.e., without extra compensation for the instructor.)

(Note: For purposes of initial cost analysis, it is suggested that professional courses in health related professions be omitted.)

(a) Department (Subject)
(b) Course Number
(c) Section
(d) Credit hours
(e) Number of registrations by student class level
(f) Instructor
(g) Clock Hours of Instructor-Student contact per week. (Note: Prorate "clock hours per week" to the regular length of session for classes meeting for an irregular number of weeks.)

In cases where a given course has more than one type of instruction (i.e., an elementary chemistry course may be lecture, laboratory and quiz sections, and any student registered for the course will be assigned to one section of each of these types of instruction) a fraction of the total credit for the course must be assigned to each type of instruction to reflect the effort of that type (for example, in the chemistry course mentioned above the total

credit hour value may be 5, which in turn may be split into 3 for the lecture section, 1 for the laboratory section, and 1 for the quiz section). -- In the case of "non-credit" courses which are a part of the regular teaching assignment of faculty members, a credit hour value should be assigned -- this to be similar in value to that of a comparable credit course meeting for the same number of clock hours per week.

--Only in non-credit courses will the total number of credit hours assigned to subsections (for any one student registration) be greater than the official credit value of the course.

--In the case of variable course registrations, or where lower level courses grant reduced credit to any advanced level students who may be registered, the total number of student credit hours for the course must be the actual sum of all credits, by student level.

--<u>The basic unit for all cost analyses is to be the student credit hour, and that by student level</u>. Conversion from semester hours to quarter hours and/or vice versa need not be made until the final interschool comparative tables are drawn up.

--For courses taught on an individual instruction basis, it is necessary that the instructor for each individual student be identified.

3. <u>Academic Faculty Record Data</u>

--For each academic faculty member, including graduate assistants, it is essential that the following data be provided from payroll or similar official records.

(a) Name of department, division or other administrative unit in which the faculty member is budgeted.

(b) Contract salary for the semester, quarter or summer session being studied -- a realistic dollar amount for perquisites should be added to contract salary.

(c) Academic Rank.

(d) Fulltime equivalent of the contract appointment.

--The following items may be useful for later detailed analyses, but are not initially necessary.

(a) Sex - Marital Status
(b) Highest degree held
(c) Administrative and/or technical title, if any.

4. Academic Faculty Assignment Report:

--Faculty contract statements, budget line items, and similar official records do not always give an adequate indication of the specific activities a given faculty member engages in, for a particular semester, quarter or summer session; and more specifically, those above mentioned records do not always give value or degree estimates of the division of effort among those several activities.

--Hence, some form of "Faculty Assignment" blank must be completed for each semester, quarter or summer session studied. While uniformity in the form of, and in the procedural details involved in completing this balnk, can vary from school to school, it is essential (a) that all data for a given department or other administrative unit be reviewed by the department head, supervisor, or similar responsible person who is in a position to make consistent evaluations of distribution of effort, i.e., FTE among activities reported on each blank, and (b) it is essential that this blank provide for the indication of all activities which contribute to the recognized functions of a university. These activities may be variously named, but are basically the following:

a. Direct Instruction
   (1) On-Campus Teaching
   (2) Off-Campus Teaching (include only when part of "regular" load, and not compensated for on overtime basis).

b. Indirect Instruction (include only if on "released" time).
   (1) Supervision of Teaching
   (2) Preparation of Course Materials
   (3) Procurement and Preparation of Class and Laboratory apparatus and supplies.
   (4) Paper Grading
   (5) Direction of Extracurricular activities, including coaching of athletics, direction of drama and music groups, etc.
   (6) Academic Advising and Counseling by Staff not in a formally organized Counseling Bureau.
   (7) Remedial Teaching
   (8) Language Laboratories

c. Departmental Research

d. Organized Research

e. Counseling (in a formally organized Counseling Bureau or any formally organized unit whose major responsibility is the welfare of the student.)

f. Library (the university library, including departmental sub-units thereof).

g. Administration

h. Extension and Public Service, other than collegiate extramural and correspondence instruction for university credit.

i. Other

--The faculty assignment report should contain <u>assigned</u> activities only, and <u>not</u> detailed listings of activities usually associated with an official assignment.

For example: A faculty member is assigned to teach Section A of Rhetoric 100 which requires 3 clock hours of student contact, for which each student in Section A receives 3 hours of credit. All of this should be reported in the faculty assignment blank, along with an indication of the number of students registered in the section, distributed by the class level of these students; but <u>not</u> to be reported is the time the faculty member spends in preparation, grading papers, or in his own self improvement.

However, paper grading, preparation of course outlines and syllabuses, overall supervision, etc. should be reported when such activities are specifically assigned in lieu of all or part of the usual classroom teaching load.

Each faculty member is expected to contribute his share toward departmental housekeeping chores without reporting them. Only when it becomes a <u>major effort</u>, for which he is relieved from all or part of his classroom teaching, should such activities as committee assignments be reported.

Non-teaching activities, such as Departmental Research, should be reported only when these are <u>assigned</u> in lieu of all or part of the usual classroom teaching load.

--Off-campus instruction for which the faculty member receives extra compensation, over and above his regular contract salary, should never be reported.

B. Proposed Reporting Schedules

(Note: The following directions for the completion of the Statistical Report Blank and accompanying schedule are for the University of Illinois. The other State universities devised similar directions and schedules to more nearly fit their present methods of institutional reporting.)

GENERAL DIRECTIONS TO DEANS, DIRECTORS, DEPARTMENT AND DIVISION HEADS, AND MEMBERS OF THE ACADEMIC STAFF

Who Must Fill Out a Statistical Report Blank?

All staff members who hold an academic appointment, that is all persons listed in the Academic Budget, must fill out a Statistical Report. This includes visiting faculty as well as regular staff members. It includes all ranks from a full professor down to a part-time assistant (but excludes those helpers who are paid on an hourly basis.) It includes not only the teaching staff, but also the administrative, research, and extension staff and those who render public service.

Comments with Respect to the Items of Personal Data at the Top of the Statistical Report Blank:

Employee Number: This number need not be filled in unless the data are machine processed, in which case the data processing unit will supply the number.

Sex-Marital Status: Use the following categories:

(1) Man, not married (this includes those who are single, widowers or divorced).

(2) Man, married.

(3) Woman, not married (this includes those who are single, widows or divorced).

(4) Woman, married.

Degree: List the highest earned degree held: if none, write "none".

UNIVERSITY OF

STATISTICAL REPORT
Form R Pg.1 _____ Campus _____ Sem.-Yr.

TO THE STAFF MEMBER NAMED: Check each item of personal data given. Correct where necessary. Ad

(1-6) Empl. No. (7-20) Last Name First Initial ( ) (21) Sex-Maritial Status

( ) (23) Degree ( ) (24) Title ( ) (25-26) College ( ) (27-28) Department

Note: Staff ON LEAVE and EMERITUS stop here. All others fill in the remaining blanks on pages 1 and 2 which apply

REGULAR TEACHING LOAD OF STAFF MEMBER NAMED IN DEPARTMENT NAMED
(Letters (a),(b), etc. in column headings refer to footnotes in separate sheet of directions. Pleas

(10) ON-CAMPUS TEACHING . Number of Students

Subject	Type of Instruction (a)	Course No. (b)	Sect. No. (b)	Sem. Hrs (b)	Cont. Cl.Hr. (c)	Share x (d)	Low Div.	Up. Div.	Prof. 1st Gd.	Adv. Gd.	Total	Numb Low.

(20) Correspondence Teaching

Subject	Course No. (b)	Sem. HR (b)	Est. Cl Hr (c)	Share X (d)

(30) Extramural Teaching

Subject	Course No. (b)	Sem. HR (b)	Est. Cl Hr (c)	Share X (d)

Do NOT Report Correspondence Extramural, Etc. For Which You Are Paid On An Overtime Basis

Indirect Teaching

(41) Paper Grading Etc.		(42) Supervision	
Course No. (b)	Est. Cl. Hr.(c)	Course No. (b)	Est. Cl. Hr. (c)

Total Student Cr. Hrs.

UNIVERSITY OF

Checks

ct where necessary. Add missing data.

1.

2.

( )
Marital Status (22) Rank

3.

4.

( )
Department (30) Total U. %

ages 1 and 2 which apply. Read Separate Sheet of Directions.

5.

6.

et of directions. Please read this sheet)

7.

FOR OFFICE USE ONLY

Total	Number of Student Cr. Hrs.					%
	Low.	Up	Prof. 1st Gd	Adv. Gd	Total	

SHARED INSTRUCTION SEE NOTE (d)

Course Number	Persons . Sharing	Nature and Amount

Div (29)

TO THE DEPT. HEAD: Evaluate the above staff member's load in the s

	Account Number	Type (31)	Annual Salary	Teach- ing	(51) Admin.	Or
	Total Annual Salary, This Term In This Department Is ------>				Total Contrac Departmen	

I certify that the above named staff member in this department in this term is (Check

☐ Active with activity FTE's as shown above

1. ☐ On Leave, Full pay.
2. ☐ On Leave, Part pay.
3. ☐ On Leave, No pay.
4. ☐ On Sick Leave
5. ☐ Emeri

Dat

Nature and Amount of Sharing

aff member's load in the schedule below. Read special directions sheet.

eh- g	(51) Admin.	(52) Org. Res.	(53) Dept. Res.	(54) Ext.	(55) Counsel	(56) Libr.	( ) Others	% Appt.
	Total Contract Time (Fte). This Term In This Department Is ----------→							(32-34)

nt in this term is (Check One):

Leave, No pay.

Sick Leave

5. ☐ Emeritus

Date

Signed Head of Dept.

Total University %: Those persons who hold "split" appointments; that is, are listed in two or more departmental, or other administrative unit budgets, should give the sum of these several %'s here.

What Activities Should Be Reported?

Report all sections you teach, i.e., in which you have direct face to face contact with students in a classroom; in the case of "individual instruction" the face to face contact may be in your office.

Report Paper Grading, Preparation of Syllabi, etc. only if such activities are performed for another staff member and/or this is done on released time.

Do NOT report as non-teaching activities those routine departmental, college and all-university "housekeeping" chores expected of every staff member by virtue of being associated with a university, nor those activities which are primarily of a self-improvement nature--reading in one's field, membership in professional organizations, etc.

DO report all non-teaching activities which are specified, or directly implied, in your contract, also report all major non-teaching assignments made by your department head--in most cases these latter assignments would be compensated for by a reduction in teaching load.

SPECIFIC DIRECTIONS WITH RESPECT TO THE TEACHING SCHEDULE OF THE STATISTICAL REPORT BLANK

Teaching for which there is supplementary pay should not be reported. However, correspondence and extramural courses taught as a part of the regular teaching load, and without supplementary pay, must be reported.

Letters at the top of the several columns in this schedule refer to the notes given below:

(a) Type of instruction: Insert here the type of instruction for the given section as noted in the Time Table--i.e., Lect., Lab., Conf., etc.

(b) Course Number, Section Number, Semester Hours: Use a separate line for each section taught, and/or such different credit hour value for which there are students in thesis, honors, special problems, etc. courses which are taught by "individual" instruction.

In those cases where two or more courses meet concurrently in the same section, give complete data for each course on a separate line, but clearly indicate that the courses meet concurrently.

For courses having more than one type of instruction (i.e., Lect., Lab., Quiz, etc.) report each type on a separate line in cases where a given instructor happens to have sections of more than one type.

(c) Contact Clock Hours: These are the actual hours per week the instructor spends in class. When the instruction in a given section is shared by two or more instructors, each instructor should list only the hours he spends in class. In some cases all of the sharing instructors are in class for all of the hours the class meets; in other cases the sharing instructors will split up the contact hours among themselves.

(d) Shared Instruction: Place an "X" in this column on each line which represents a section in which one or more instructors share in the instruction listed by a given staff member. Such sharing should then be described in detail on page 2 of the Statistical Report Blank--this includes assistance from paper graders, demonstration helpers, etc.

(e) Correspondence Clock Hours: For Correspondence Courses reported the given instructor should show his best estimate of the average number of clock hours per week he devotes to the course.

(f) Course Number for Paper Grading and Supervision: Paper graders, demonstration helpers and others rendering indirect teaching assistance (including supervision) should use one line for each different course number in which they render such service. For example: An assistant may grade papers for courses numbered 101, 102, and 204. He would use three lines, estimating the clock hours for each course.

Course No.	Est. Cl. Hr.
101	2
102	7
204	3

(g) Supervision: This is that kind of indirect teaching exemplified by the following: Coordinating several sections of a large course--usually an elementary course, writing a syllabus, constructing uniform examinations for a multi-section course, etc.

FOR THE HEAD OF THE DEPARTMENT: In Re STATISTICAL REPORTS

The Department Head's indication of "Percent of a Full Load" should be the result of careful thought and consideration, because these data, are the crux of many of the analyses made from Statistical Report information.

It may help the Department Head to evaluate "Percent of a Full Load" if he were to think of a "Full Load" in any one given activity in his department as being the sum total of all required effort on the part of a full-time appointee who has assigned responsibilities in only that one activity. For example, a "Full Load" (100%) in TEACHING might be thought of as a certain sequence of courses to be taught. Obviously, the number of clock hours involved would then vary from department to department; but it would be entirely feasible to envolve a 100% teaching load -- expressed in clock hours -- for a given department. This would necessitate some sort of weighting of the courses offered in terms of their difficulty; and it would involve at least an empirical judgment as to whether one hour of didactic instruction is equivalent in effort to one-half, one, two, three, etc., hours of laboratory instruction, clinical instruction, conference work, etc.

A "Full Load" in non-teaching activities must, in large measure, be determined by the particular circumstances prevailing in each individual case. For example, "Full Load" in RESEARCH must take into account the nature and difficulty of the project --as well as the nature of aid (if any) from other members of the staff. A full ADMINISTRATIVE load must be judged on the basis of whether or not the administrator has other regularly assigned duties, such as teaching or research.

It is to be recognized that the exigencies of the current year may require the Department Head to assign a given staff member to duties not specifically stated in the official appointment. Thus, a staff members employed to each may be assigned in whole or in part to non-teaching duties, and one appointed to a non-teaching position may do some teaching.

The "Percent of a Full Load for all Activities", in each semester or quarter respectively, should equal the appointment percentage. Therefore:

--A full-time appointee's "Percent of a Full Load for all Activities" is 100%.

Furthermore, those staff members who have assigned responsibilities in two or more different activities (teaching and research, for example) will usually have fractional "full-time equivalent loads" in each one of the several assigned activities.

A separate evaluation in terms of "Percent of a Full Load" (i.e., FTE) must be made for each one of the major categories of activities reported--Teaching, Administration, Organized Research, Departmental Research, Extension, Counselling, Library and "Others". The percentage must be placed in the proper column near the bottom of the blank, and on the line which shows the account number from which the staff member is paid for the particular activity evaluated. If there is only one account number, all evaluations must be placed in line with this account number, and the sum of all "percents of a full load" given must equal the "Total Contract Time (FTE), this Term in this Department" shown in the lower right hand corner of the back of the blank. (Please see the example Statistical Report Blank following page 16.)

If there is more than one account number, the various percentages must be distributed among them. The sum of the percentages on any one line must equal the contract percentage on that line.

The sum of all "percents of a full load" (FTE) on a given blank must equal the figure shown in the lower right hand corner of the blank. It is not permissible to indicate over-loads by showing a "percent of a full load" in excess of the contract time.

It is sometimes expedient to have a given staff member render service in one department, or other administrative unit, but be budgeted in a different unit. Where this is the case, the unit receiving the service will prepare a blank for that person as though the staff member were actually budgeted there, but will footnote the Account Number to identify its location in the budget. The department, or other administrative unit, supplying the staff member will also prepare a blank, showing in the "Others" activity the statement: "Subsidy to _____."

IV. Standard Classifications of Cost by Discipline, Department, College or School

The following is a list of "disciplines" under which costs should be reported:

Because of the combining of courses under a single department some institutions may need to report under the general heading for a category of disciplines whereas others would report

for each specialization. If a department does provide offerings in more than one discipline then this rule should be followed:

If fewer than ten courses are offered per academic year in a particular discipline the courses may be reported for the department(s) offering the courses. If, however, ten or more courses are offered per academic year in a particular discipline within the existing departmental structure in one or more departments these courses should be segregated and reported in a separate "paper" department. Any institution may report sub-specializations of any department offering less than ten courses per academic year in order to show high and low cost majors.

Note: Any sub-specialization of any existing department(s) or any new specialization introduced into an institution's curricula must be reported in one of the following "areas" or their sub-sections. For the 1965-66 Cost Study, and until changed by formal Committee action, the following list is intended to be comprehensive and all-inclusive. In other words, any new programs or existing programs intended to be isolated and reported as a separate department must be reported within the framework of the list of disciplines outlined below.

Disciplinary Areas for Reporting Costs

1000 - Agricultural Sciences - Total
- 1005 - Agriculture General
- 1010 - Agricultural Industries
- 1015 - Animal Nutrition
- 1020 - Animal Science
- 1025 - Agronomy
- 1030 - Dairy Science
- 1035 - Dairy Technology
- 1040 - Agricultural Economics
- 1045 - Horticulture
- 1050 - Plant Pathology
- 1055 - Food Science
- 1060 - Agricultural Sociology
- 1065 - Agricultural Engineering
- 1070 - Animal Industries
- 1075 - Forestry
- 1080 - Rural Sociology

2000 - Biological Sciences - Total
- 2010 - Biological Sciences General
- 2020 - Biology
- 2030 - Botany
- 2040 - Entomology

2050 - Microbiology
2060 - Physiology
2070 - Physiology Biophysics
2080 - Zoology

3000 - Mathematical Sciences - Total

4000 - Physical Science - Total
4010 - Physical Sciences General
4020 - Astronomy
4030 - Aero Astronomy
4040 - Chemistry - Subtotal
4041 - Chemistry General
4042 - Inorganic Chemistry
4043 - Analytical Chemistry
4044 - Organic Chemistry
4045 - Physical Chemistry
4046 - Biological Chemistry
4047 - Engineering Chemistry
4050 - Earth Sciences - Subtotal
4051 - Geology
4060 - Physics

5000 - Engineering Sciences - Total
5005 - Engineering Sciences General
5010 - Aeronautical/Astronautical
5015 - Ceramic
5020 - Civil
5025 - Electrical
5026 - Energy Engineering
5030 - Honors
5035 - Industrial
5036 - Information Engineering
5037 - Materials Engineering
5040 - Mechanical
5045 - Metalurgical
5050 - Mining
5055 - Nuclear
5060 - Petroleum
5065 - Theoretical and Applied Mechanics
5070 - Systems
5075 - Technology

6000 - Social Sciences - Total
6005 - Social Sciences General
6010 - Anthropology
6015 - Economics
6020 - Geography

6025 - History
6030 - Political Science
6031 - Government
6035 - Psychology
6040 - Sociology

7000 - Humanities - Total
7100 - Humanities General
7200 - Classical Civilization
7300 - English - Subtotal
7305 - English General
7310 - Literature
7315 - Rhetoric
7400 - Foreign Language/Literature Subtotal
7410 - Classical Subtotal
7411 - Classical General
7412 - Greek
7413 - Latin
7420 - Germanic
7430 - Near Eastern Subtotal
7431 - Arabic
7440 - Far Eastern Subtotal
7441 - Burmese
7442 - Hindu
7443 - Chinese
7444 - Japanese
7450 - Romance Subtotal
7451 - Romance General
7452 - Romance Philology
7453 - French
7454 - Italian
7455 - Spanish
7456 - Portuguese
7460 - Scandinavian
7470 - Slavic
7471 - Serbo Croation
7500 - Other Foreign Language and Literature
7505 - General
7510 - Comparative Literature
7515 - Modern Greek
7520 - Russian
7525 - Polish
7530 - Foreign Studies
7535 - Linguistics
7540 - Honors
7600 - Philosophy
7700 - Religion
7800 - Speech

7900 - Speech Correction
8000 - Speech Therapy
8100 - General Studies
8200 - Honors

9000 - Fine Arts - Total
9010 - Fine Arts General
9100 - Art - Subtotal
9110 - Art General
9120 - History and Appreciation
9130 - Professional Studio
9200 - Design
9300 - Drama Subtotal
9310 - Dramatic Arts
9320 - Theatre Arts
9330 - Radio and TV
9400 - Music Subtotal
9410 - Theory
9420 - Applied
9430 - Supl. Instrument
9440 - Ensemble
9450 - Voice
9460 - Literature
9500 - Communication
9600 - Dance

10000 - Architecture - Total
10100 - Architecture
10200 - Art (Architectural)
10300 - Landscape Architecture
10400 - Urban Planning

11000 - Business - Total
11100 - Business General
11200 - Accounting
11300 - Administration
11400 - Advertising
11500 - Finance
11600 - Business Law
11700 - Management
11800 - Marketing
11900 - Labor and Industrial Relations

12000 - Education - Total
12050 - Education General
12100 - Educational Administration
12150 - Audio Visual (Inst. Mat.)
12200 - Elementary Education

12250 - Guidance
12300 - Higher Education
12350 - History and Philosophy
12400 - Outdoor Teacher Education
12450 - Student Teaching
12500 - Secondary Education
12550 - Special Education
12600 - Educational Philosophy

13000 - Home Economics - Total
13100 - Home Economics General
13200 - Homemaking
13300 - Food Science
13400 - Clothing and Textiles

14000 - Journalism

15000 - Law

16000 - Medical - Total
16100 - Nursing
16200 - Public Health
16300 - Occupational Therapy

17000 - Social Work

18000 - Veterinary Medicine - Total
18100 - Veterinary Medicine General
18200 - Veterinary Anatomy and Histology
18300 - Veterinary Clinical Medicine
18400 - Veterinary Medical Science
18500 - Veterinary Pathology and Hygiene
18600 - Veterinary Physiology and Pharmacy

19000 - Other Professions - Total
19100 - Librarianship
19200 - Vocational and Technical Education - Subtotal
19210 - Vocational and Technical General
19220 - P. E. Professional
19230 - Vocational Business - Subtotal
19231 - Business Education
19232 - Business English
19233 - Secretarial Science
19300 - Applied Science - Subtotal
19310 - Flight
19320 - Maintenance
19400 - Municipal and Park Administration
19500 - Printing and Photography

19600 - Industrial Education
19700 - Vocational Technical Institute

20000 - Educational Services - Total
20100 - Hygiene
20200 - Health Education
20300 - Safety Education
20400 - Bands
20500 - R.O.T.C.
20600 - P. E. Men - Subtotal
20610 - General
20620 - Service and Activity
20700 - P. E. Women - Subtotal
20710 - General
20720 - Service and Activity

21000 - Grand Institutional Total

V. Procedure for the Distribution of Costs

A. Within a given department or division -- i.e., within the smallest unit of budgetary control. (Note: when fewer than ten courses are offered per academic year in any discipline within the existing departmental structure of an institution, distributions of costs will be made only as far as the departmental level. These other discipline courses will be reported within the department(s) offering the courses. If, however, there are ten or more courses offered per academic year within a discipline which is not segregated by the existing departmental structure of an institution and this is a discipline noted in Section IV of the Procedural Manual, these courses will be transferred from the departments wherein they are presently assigned and combined to produce a "paper" department for that discipline. To insure that all costs inherent to these courses are also transferred to the "paper" department, distributions of costs will be made to the courses within the transferring department(s).)

The following steps will be used for the distributions of costs. Some of these steps will be necessary only when costs are distributed to the courses. Those steps will be so noted.

Step 1. (Note: This step is necessary for both the distribution of costs to departments and to courses.)

Referring to the Statistical Report data, each faculty* member's salary dollars will be prorated to the activity categories on the basis of the percentage of effort each activity is to the total effort of a faculty member. The Activity Categories of faculty service are:

(a) Direct Instruction
   1. On-Campus Teaching
   2. Off-Campus Teaching (include only when part of "regular" load, and is not compensated for on an overtime basis).

(b) Indirect Instruction (include only if on "released" time).
   1. Supervision of Teaching
   2. Preparation of Course Materials
   3. Procurement and Preparation of Class and Laboratory apparatus and supplies
   4. Paper Grading
   5. Direction of Extracurricular Activities, including coaching of athletics, direction of drama and music groups, etc.
   6. Academic advising and counseling by staff not in a formally organized Counseling Bureau
   7. Remedial Teaching
   8. Language Laboratories

(c) Departmental Research
(d) Organized Research
(e) Counseling (in a formally organized Counseling Bureau or any formally organized unit whose major responsibility is the welfare of the student
(f) Library (the University Library, including departmental subunits thereof)
(g) Administration
(h) Extension and Public Service, other than collegiate extramural and correspondence instruction for university credit.
(i) Other

Step 2. (Note: This Step is necessary for both the distribution of costs to departments and to courses.)

Distribute the "Direct Teaching" dollar amount (Step 1, Sub(a)

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*Faculty is defined as academic personnel at all ranks, including that of Assistant and/or Graduate Assistant.

above) for each faculty member among the several courses taught in accordance with the normal procedures of an institution and/or a department in determining load. This will yield a dollar amount for each course taught. (Note: Load will normally be defined on the basis of the number of course-credit-hours assigned to each course compared to the total course-credit-hours taught by the faculty member. There may be a few instances, usually occurring when a given staff member teaches both an undergraduate section or two and graduate students (especially if the graduate instruction is on an "individual instruction" basis), when a strict proration of gross teaching salary amount by credit hour value for the section is unrealistic. These situations can be worked out, by arrangement, usually by shifting to a clock hour basis).

Step 3.

a. (For the course) Distribute the "Direct Teaching" dollar amount prorated to each section across that section on the basis of Lower Division, Upper Division, First Level and Advanced Graduate Student-Credit-Hours as obtained from the Statistical Report Blank.

b. (For the department) Combine the total "Direct Teaching" dollars at each level of instruction within a department (i.e., Lower Division, Upper Division, First Level and Advanced Graduate)

In addition, the amount expended for instructional costs of correspondence and off-campus credit courses compensated on an overtime basis will be determined for the purpose of allocating indirect costs to it. However, no cost figures per credit hour will be computed.

Step 4. (Note: This Step and Steps 5 through 8 are necessary for both the distribution of costs to departments and courses).

Combine the faculty salary dollars expended for items (b) Indirect Teaching, and (c) Departmental Research, plus any part of item (i) Other, which can be associated with the university's instructional effort. These items of cost, plus (a) Direct Teaching costs which have already been allocated to levels and courses (when necessary) within a department, yield the "Direct" and "Indirect" salary dollars associated with a given department's instructional effort.

This segregation of cost will now be set aside until certain "Overhead" costs are allocated (Steps 5-8).

Step 5. For each department obtain a separate total faculty salary dollars expended for each of the remaining items in Step 1 above, viz:

(d) Organized Research
(3) Counseling
(f) Library
(g) Administration
(h) Extension & Public Service
(i) Other

Step 6. Counseling -- item (e) and Library -- item (f) will normally be reported by units specifically performing only these services. They will therefore be considered "overhead" items and allocated as outlined in the succeeding sub-sections; the exact method dependent upon where the costs are budgeted (i.e., University, Campus, College, Department).

When Counseling and/or Library costs are at the departmental level, they will be allocated, along with other "Overhead" items in Step 8 to Instruction, Organized Research, Laboratory Schools and Extension & Public Service.

Step 7. This reduces the number of Activity Categories to:

Instruction
Organized Research
Extension & Public Service
Administration
Other

On the best judgmental basis available distribute the remaining "Other" (item i) faculty salary dollars among Organized Research, Extension & Public Service and Administration.

Step 8. Allocate Salary Costs of Departmental Administration and all other departmental costs which cannot be directly assigned to the four basic functions of Instruction, Organized Research, Extension & Public Service and Laboratory School, as follows:

To Instruction:

$$\frac{\text{Faculty Salary Dollars to Instruction}}{\text{Total Dept. Faculty Salary Dollars}} = xx.x\%$$

To Organized Research:

$$\frac{\text{Faculty Salary Dollars to Organized Research}}{\text{Total Dept. Faculty Salary Dollars}} = xx.x\%$$

To Extension & Public Service:

Faculty Salary Dollars to Extension & Public Service = xx.x%
Total Dept. Faculty Salary Dollars

To Laboratory Schools:

Faculty Salary Dollars to Laboratory Schools = xx.x%
Total Dept. Faculty Salary Dollars

(Note: In this and all succeeding allocations of cost, only State funds should be allocated.)

Step 9.

a. (For the course) Combine the total faculty salary dollars for Instruction obtained in Steps 4 through 8 above and then allocate these costs to each course in the department on the basis of the relationship of the Direct Salary Cost of each course bears upon the Direct Salary Cost of the department wherein it is presently classified (Step 2 above).

b. (For the department) Combine the total faculty salary dollars for Instruction obtained in Steps 4 through 8 above and distribute these salary dollars to the levels of Instruction (i.e., Lower Division, Upper Division, First Level and Advanced Graduate) on the basis of the distribution of the Direct Salary Costs (Step 3 above).

This is the last step necessary when "instructional" costs are to be distributed to a department. When it is appropriate to devise a "paper" department, Steps 10 and 11 are necessary to distribute costs to the courses so that certain courses relative to a "paper" department and the total costs which should be charged to these courses may be segregated from the existing department.

Step 10. The faculty salary dollars for Organized Research, Extension & Public Service and Laboratory Schools as obtained in Step 8 above, which may be directly related to a course within a department, should now be so assigned. For those faculty salary dollars for Organized Research and Extension & Public Service which may not be directly assigned to a particular course, distribute individually these dollars to each course on the basis of the relationship of the total Instructional dollars (Step 9) of each course to the total instructional dollars of the Department. (Note: The total costs of a department (i.e., one which is to transfer certain courses to a "paper" department) have

now been allocated to each course. The total costs (i.e., Instruction, Organized Research, Extension & Public Service and Laboratory School) at the course level, however, should remain segregated.

Step 11. Distribute the Instructional dollar amount prorated to each section (Step 9) across that Section on the basis of the distribution of the Direct Salary Costs to Lower Division, Upper Division, First Level and Advance Graduate (Step 3).

Step 12. Distribute all Departmental Research expenditures assigned to a particular faculty member to his courses and levels of students within these courses in proportion to the proration of direct salary dollars to the courses and levels of students within these courses. These costs should remain segregated from the Instruction Costs so that it may be possible to obtain a total for Departmental Research. (Note: All Direct and Indirect Costs plus Departmental Overheads associated with a department have now been allocated to each course within a department and also the total instructional dollars have been prorated to each level of student enrolled in that course. Therefore, those courses comprising a separate discipline within existing departments of an institution may now be transferred and combined to form a "paper" department.)

B. For a given college or school* -- i.e., for that unit of budget control which embodies two or more departments or divisions:

Step 1. Obtain the total dollars for each department and division within a college; i.e., the total of faculty salaries to Instruction, Organized Research, Extension & Public Service, Departmental Administration, Laboratory Schools, and Departmental "Other" (as determined in Section A, Step 7 above) plus departmental "Overheads".

Step 2. Obtain the total college dollars by summing the departmental totals (Section B, Step I) for all departments within a given college.

Step 3. Allocate college "Overheads" (Primarily college adminis-

*A college or school is usually thought of as an administrative unit combining a number of teaching departments. However, some of the "departments" in a college may be entirely non-teaching. The two extremes are, on the one hand, a college containing only one teaching department and no non-teaching departments; and on the other hand, a college containing no teaching departments but one or more non-teaching departments.

trative costs) which cannot be directly assigned to the four basic functions for one or more of the departments within the college, to departments within the college as follows:

To Dept. A: $\frac{\text{Total costs in Dept. A}}{\text{Total Costs in College}}$ = xx.x%

To Dept. B: $\frac{\text{Total costs in Dept. B}}{\text{Total costs in College}}$ = xx.x%

To Dept. C: $\frac{\text{Total costs in Dept. C}}{\text{Total costs in College}}$ = xx.x%

Etc. 100.0%

Step 4. In each of the above departments, distribute that portion of the college "Overhead" costs to the four basic functions according to Section A, Step 8; then the allocation of college instructional "Overhead" costs to levels (not courses) in proportion to the total instructional dollars spent at each level by the given department.

C. For the Campus:--(For campus and "All University" overhead allocable to Instructional Units.)

Step 1. Obtain the total campus dollars by summing the college totals (Section B, Step 2) for all colleges in a given campus.

Step 2. Allocate all G.A. and G.E. which are to be allocated to colleges and/or departments and to functions within department, first to colleges as follows:*

To College A: $\frac{\text{Total costs in College A}}{\text{Total Campus Costs}}$ = xx.x%

*GA and GE costs considered to be associated entirely with instruction and which will be allocated to the departments are the following:

1. Provost and/or Vice President for Instruction (only in those instances where this office has only instructional responsibilities).
2. Admissions and Records
3. Student Services: a. Dean of Students; b. Dean of Men; c. Dean of Women.
4. Commencement. 5. Health Service. 6. Guidance.
7. Student Activities. 8. Instructional Research, and such other agencies or offices which support primarily the function of Instruction rather than all basic functions combined.

To College B: $\frac{\text{Total Costs in College B}}{\text{Total Campus Costs}}$ = xx.x%

To College C: $\frac{\text{Total Costs in College C}}{\text{Total Campus Costs}}$ = xx.x%

Etc. 100.0%

Step 3. Distribute that portion of GA and GE allocated to a given college to the departments within that college (Section B, Step 3).

Step 4. Finally, distribute that portion of GA and GE allocated to a given department to the four basic functions according to Section A, Step 8; then the allocation of "Campus Instructional Overhead" cost back to levels (not courses) in proportion to the total instructional dollars spent at each level by the given department.

D. For All University Overheads: In instances where a given university has more than one campus location there may be some GA and GE costs which apply in part to each one of the branch campuses.

Step 1. First obtain total costs for each campus according to Section C, Step 1, then sum for all campuses to obtain an all-university faculty salary.

Step 2. Allocate "All University Overheads" to campus as follows:

To Campus A: $\frac{\text{Total Costs Campus A}}{\text{Total University Costs}}$ = xx.x%

To Campus B: $\frac{\text{Total Costs Campus B}}{\text{Total University Costs}}$ = xx.x%

Etc. 100.0%

Step 3. For that portion of "All University Overheads" allocated to a given campus make successive distributions to colleges (Section C, Step 2); then to departments (Section B, Step 3) and finally within departments to Instruction, Organized Research, Laboratory School, Extension & Public Service (Section A, Step 8); then the allocation of "All University Instructional Overhead" costs back to levels (not courses) in proportion to the total instructional dollars spent at each level by the given department.

Note: After the final allocation of G.A. and G. E. "Overheads" (Section D, Step 3), the remaining "Overheads" will be allocated following this priority:

1. Organized Activities
2. Libraries
3. O & M Plant

E. Allocation of Organized Activities:

Laboratory schools will be treated as a separate function.

The foregoing procedures should result in the removal from Laboratory School and assignment to other departments of the following:

1. Direct (college credit) Instruction: Student credit hours produced by laboratory school staff teaching college credit courses and the salary dollars for same should be removed to the appropriate department (i.e., Student Teaching Office, Department/College of Education, etc.)

2. Organized Research: Performed by laboratory school staff will be assigned under this category to the appropriate agency or college/department and thus have these salary dollars reassigned.

3. Extension and Public Service: Activities, other than secondary and elementary programs, performed by laboratory school personnel will be assigned to the overall public service function in the appropriate agency or college/department and thus have salary dollars therefor distributed.

4. Library: Libraries totally within the laboratory school in function should be retained for cost study purposes. Where students in the laboratory school have open use of campus libraries a portion of campus library should be allocated to Laboratory School on the basis of total costs retained in Laboratory School after adjustment by 1, 2 and 3 above.

5. After adjustment for 1, 2 and 3 above the remainder of costs in Laboratory School, representing non-college level instruction, Laboratory School administration and other overheads, and all other remaining costs, will then be the base for the fourth function - Laboratory School. The sum of this base plus any departmental costs thereto assigned in Section A, Step 8 from departmental costs will represent the total for this separate function.

6. Assignment of Departmental/College Overheads to Laboratory School. College of Education and/or appropriate campus overheads will be allocated to Laboratory School on the same basis as overhead allocations to Research and Extension and Public Service.

All other Organized Activities, if any, will be charged to Instruction. Those which give service to specific departments will be so assigned. Those which cannot be assigned to specific departments will be treated as "Overheads" at the University, Campus or College level (i.e., they will be allocated to the Campus (Section D, Step 2), then to the Colleges (Section C, Step 2), then to Departments (Section B, Step 3), the successive steps of allocation depending upon where the "Overheads" occur), and then back to the levels within the departments in proportion to the total instructional dollars spent at each level by the given department.

F. Allocation of Library Costs: Library costs will be allocated to the four basic functions in the same manner as other overhead costs have been allocated; the exact method dependent upon where the costs are budgeted (i.e., University, Campus, College, Department).

G. Allocation of O. & M. Plant: Until the present feasibility study indicates that a separate formula may be more appropriate, O. & M. Plant will be treated as any other "Overhead" item and allocated to the four basic functions in the same proportion as the total dollars allocated to these functions by the previous allocations.

All costs associated with an institution's Instructional effort have now been prorated to the respective departments and to the levels of students within these departments. The Instructional cost per student-credit-hour may now be ascertained for each level of student within a department and also the weighted average Instructional Cost per student-credit-hour for the department as a whole by dividing the appropriate cost by the appropriate student-credit-hours.

All other costs of an institution have been prorated to either Organized Research, Laboratory Schools and Extension & Public Service. These costs are presently at the Department, College or School, Campus, and University level depending upon where these "Overheads" actually occur. The institution's total expenditures for Organized Research, Laboratory Schools and Extension & Public Service may now be ascertained by accumulating these costs from each of the levels. They should then be reported as outlined in Section II-C (Special Reports on Non-Instructional Activity).

APPENDIX I
(See attached schedule)

Suggested Format for Cost Study Reporting

1. The attached schedule is to be completed for:

   1) Each disciplinary area in which the institution or separate campus offers courses as defined in Section IV of the manual.

   2) All disciplinary areas combined at each institution or separate campus.

      Exception: In instances wherein institutions have computer programs which provide the same data in different schedules the Board staff will complete the summary schedules from print-out runs submitted.

2. The vertical axis of the schedule provides for identification of separate direct and indirect costs and their assignment to student credit hours by student level accumulatively, as well as accumulative allocations to the four functions.

3. The horizontal axis of the schedule provides for distribution of costs between the four basic functions, Instruction, Organized Research, Extension and Public Service, and Laboratory Schools.

4. The portrayal of cost distributions in this format will provide easy access for analyses of costs at each level of allocation outlined in the cost manual.

APPENDIX II

Use of the Cost and Statistical Study in Budget Formulation and Review

Excerpt from "Operating Budget Formulation for the 75th Biennium, 1967-69" by the staff of the Illinois Board of Higher Education, July 1966.

The attached excerpt contains the directions promulgated by the staff of the Illinois Board of Higher Education after the Budget Formula Committee study of the use of the initial cost study observation (1964-65) in budget formulation and review.

This section of directions applies only to the calculation of funding requirement for increased credit hour production and to adjustments to be made in institutional budgets for "deficiencies" and "overages" noted in the 1964-65 cost study.

Actual cost factors and calculations made from them are purposely omitted for the reason of the experimental nature of the first cost study observation.

Student Credit Hours: LD_____ UD_____ GI_____ GII_____ Total_____ Disci

	Instructional Costs					
	Lower Division	Upper Division	Graduate I	Graduate II	Total	% To Instructio
1. Direct Salary Costs						
Total Dollars						
Dollars Per Credit Hour						----
2. Indirect Salary Costs						
Total Dollars						
Dollars Per Credit Hour						----
3. Departmental Research						
Total Dollars						
Dollars Per Credit Hour						----
4. Departmental Overheads						
Total Dollars						
Dollars Per Credit Hour						----
5. Total Departmental Costs						
Total Dollars						
Dollars Per Credit Hour						----
6. College or School Overheads						
Total Dollars						
Dollars Per Credit Hour						----
7. Campus Overheads						
Total Dollars						
Dollars Per Credit Hour						----
8. Total University Overheads						
Total Dollars						
Dollars Per Credit Hour						----
9. Organized Activities						
Total Dollars						
Dollars Per Credit Hour						----
10. Libraries						
Total Dollars						
Dollars Per Credit Hour						----
11. O & M Plant						
Total Dollars						
Dollars Per Credit Hour						----
12. Total Instruction Less Physical Plant						
Total Dollars						
Dollars Per Credit Hour						----
13. Total All Costs						
Total Dollars						
Dollars Per Credit Hour						----

Disciplinary Area_____

otal	% To Instruction	Organized Research Dollars	% To Org. Resch.	Extension & Public Sch. Dollars	% To E. & P. S.	Laboratory Schools Dollars	% To Lab Sch.	Total All Costs
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I. Instruction Less Physical Plant

The determination of need will be made in three steps:

(A) Carryover of the 1965-67 biennial State appropriation;

(B) Projection of need for the 1967-69 biennium;

(C) Adjustments to the 1964-65 Cost Study base.

A. Determination of the total 1965-67 State appropriation.

Determine the total amount of dollars appropriated by the State from the General Fund plus the Income Fund for the 1965-67 biennium. This will include funding for the continuation of prior enrollment levels plus projected enrollment for the current biennium. It will also include statutory increases, biennial overlap, salary adjustments, funds to meet increased costs, new programs, funds for prior deficiencies and where applicable, additional funds for the opening of new campuses.

B. Determination of 1967-69 budgetary needs for total Instruction less Physical Plant.

The base determinate for calculating need is the projection of credit hours by student levels to be generated during the 1967-69 biennium. The procedure is as follows:

1. Project the student credit hours by level for each of the following years:

(a) 1966-67* (Use actual enrollment data for Summer 1966 and Fall 1966)
(b) 1967-68
(c) 1968-69

These estimates are made by multiplying the projected head count by the "average student load". The average student load is computed by dividing the student credit hours at each level by the total head count at the level during each of the most recent quarters, semesters or sessions in which such information is available.

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*Each year includes the academic year (two semesters or three quarters) plus the preceding summer term. For example, the 1966-67 year includes the summer of 1966, the fall term of 1966 and the spring term of 1967.

2. Estimate the number of increased student credit hours by level for each year of the new biennium (1967-69) as follows:

(a) Increased student credit hours in 1967-68 = projected student credit hours by level for 1967-68 minus projected student credit hours by level for 1966-67.

(b) Increased student credit hours in 1968-69 = projected credit hours by level for 1968-69 minus projected credit hours by level for 1967-68.

3. Compute the formula allowance for 1967-68 increased student credit hours by multiplying these (derived in 2a) by the appropriate <u>weighted</u> average cost from the 1964-65 cost study.

(a) Each institution is to apply the weighted average cost by student level derived from the 1964-65 cost study for that institution or separate campus.

(b) The allowance for the total year is the accumulated amount for increases in the summer session of 1967, the fall term of 1967 and the spring term of 1968.

(c) To use weighted average costs, institutions on the quarter system must multiply credit hours by .667 in these computations.

4. Calculate the formula allowance for the increased student credit hours from 1967-68 to 1968-69 by multiplying the difference in student credit hours (derived in 2b) by the appropriate weighted average cost from the 1964-65 cost study. This procedure is similar to that suggested in step 3.

5. Finally, the funding requirement for the biennial increase in student credit hours is derived by:

(a) Doubling the cost figure derived in step 3. (to account for carrying the 1967-68 increases through <u>both</u> years of the biennium) and

(b) adding the incremental costs for 1968-69 derived in step 4.

This result represents the level of the funding request for the increased student load during the next biennium. The level of funding requested will be shown for <u>each</u> year and in total for the 1967-69 biennium.

C. Adjustments to the 1964-65 Cost Study base.

1. Determine the "overage" or "deficit" in the 1964-65 cost base by calculating the difference between the total "reported costs" and the total "Adjusted Weighted Costs". The intent is to correct over two biennia the deficiencies or overages shown. (Future cost studies will provide additional basis for adjustments.)

2. For institutions which show a "deficiency" in step 1 above: The sums appropriated in the 1965-67 biennium to make up deficiencies will be subtracted from the deficiencies shown by use of the adjusted weighted average in the 1964-65 Cost Study (step 1 above). In addition, sums for cost increases related to the continuation of the same number of students enrolled for the 1964-65 academic year plus Summer Session will be subtracted from the 1964-65 deficiency in proportion as the projected budgeted enrollment for 1965-67 is an increase over the 1964-65 base. (These additional adjustments are mainly related to new programs inaugurated during the 1965-67 biennium and those additional funds appropriated to begin new campus operations.) One-half of the remaining dollar deficiency shown for each institution will be added to the total dollar amount projected to be needed for the 1967-69 biennium for Instruction less Physical Plant.

3. For institutions which show an "overage" in steps 1 and 2 above: Appropriated sums for deficiencies in the 1965-67 biennium will be added to the overages noted in the summary of the 1964-65 Cost Study. If an institution shows a dollar amount of more than 20% above the total "adjusted weighted cost", one-half of this residual amount will be deducted from the 1967-69 total instructional budget less physical plant.

4. Lapsing of funds for under-enrollment during the 1965-67 biennium:

An adjustment downward in requested funds for the 1967-69 biennium will be made when an institution's actual enrollment times the budget formula during the 1965-67 biennium falls short of its' predicted enrollment times the budget formula by more than 3%. The amount of money to be lapsed will be the total projected enrollment times the budget formula, less 3% of the projected enrollment times the budget formula. (The difference between actual and predicted enrollments will be determined by multiplying the budget formula by each level of student to determine funds to be lapsed.) The budget formula will be the one used for budgetary formulation during the 1965-67 biennium. The formula to be used is as follows:

Total projected enrollment X budget formula
minus
Total actual enrollment X budget formula

Lapse all remaining funds in excess of 3 percent of the projected enrollment X budget formula.